

CUBAN FRAUDS

RESULT OF MR. BRISTOW'S RECENT INVESTIGATION AT HAVANA.

Messrs. Neely and Rathbone Exonerated in a Report Submitted to the Postmaster General.

FORMER IS AN EMBEZZLER

WHILE THE LATTER IS CHARGED WITH MISAPPROPRIATING MONEY.

He Is Said to Have Been Guilty of Extravagance and to Have Taken Public Funds for Personal Use.

NEELY'S SHORTAGE \$131,713

AND MAY BE SWELLED TO \$150,000 BY SURCHARGED STAMP FRAUDS.

Sale of the Muncie Printing Plant Not Bona Fide, the Report Says, for Cowan Paid No Money.

ALLEGED "SUBSIDY" OF \$3,292

SAID TO HAVE BEEN PAID NEELY BY AN INDIANAPOLIS FIRM.

Postmaster Thompson's Offense—Misdoings of Reeves and Rathbone's Removal Recommended.

WASHINGTON, July 25.—The Postmaster General has made public the report of Fourth Assistant Postmaster General Bristow, who is investigating the Cuban postal frauds. Mr. Bristow finds that Neely's embezzlements aggregated at least \$131,713, and says he was justified in recommending the removal of Director General Rathbone. Whether or not the latter was guilty with Neely in the embezzlements he says there can be no doubt that in the matter of unauthorized per diem allowances, personal expenses and warrants cashed and unaccounted for, he unlawfully appropriated to his own use money of the Cuban revenues. For this, Mr. Bristow says, he believes Mr. Rathbone should be required to answer.

Mr. Bristow explains that the bureau of finance inaugurated by Director General Rathbone, of which Neely was appointed chief, was started July 7, 1899. This bureau was charged with the custody of all stamps and postal supplies. The division of postal accounts, changed July 1, 1899, to a division of the auditor's office, was in charge of Dr. W. H. Reeves, who was appointed by the secretary of war. The report says that no account of the unbonded postmaster were required remittances being entered as cash sales, and the only information the auditor's office had of these transactions came from Neely himself. There was no check, whatever, on his transactions. From the accounts examined the report says the minimum of Neely's embezzlements may be summarized as follows:

Shortage as shown by his own records \$30,600
Excess of credit by destruction of surcharged stamps definitely ascertained 101,113
Total \$131,713
This will be increased by the discovery of additional sales of surcharged stamps, but it will not exceed \$150,000 in the aggregate.

"OFFICIAL DEPRIVACY."
The report says that Rathbone appointed Neely, who had custody of the stamps; Reeves, the only man who could have checked on Neely's transactions, and D. W. Field, chief of the bureau of registration, a committee to destroy the surcharged stamps, of which Neely had received \$22,000, and that Neely and Reeves entered into a conspiracy to report a larger quantity of stamps destroyed than were actually destroyed. But, the report says, Neely's fraudulent transactions were not confined to these embezzlements, and while the amounts were small compared with the latter, "they show the same official depravity and utter disregard of the interests of the public service."

The connection between Neely and the Neely Printing Company, of Muncie, Ind., of which he was proprietor before he went to Cuba, is then explained. The alleged sale of the plant of this company to Cowan, Neely's business associate, the report says, was not a bona fide transaction, as it is not believed Cowan ever paid Neely any money for his pretended interest. Neely ordered from this company supplies for the department of posts in Cuba.

The books of the printing company show it received for printing, \$5,507, while the bills paid and the money order records of Muncie show \$13,100 more than the amount indicated by the books was paid. Some of the bills were paid twice. Rathbone, when asked why he approved these amounts, said he did not know until after Neely's arrest that any printing was done at Muncie. If this statement is true, says the report, he convicts himself of the most utter and indefensible negligence of official duties.

ALLEGED "COMMISSION."
"The department of posts," the report says, "purchased from the Keyless Lock Company, of Indianapolis, \$14,574 worth of furniture. This company paid Neely \$3,292 in two checks—one of \$2,972 and the other for \$320. For what purpose this money was paid him does not appear. The only reasonable conclusion is that it was paid as a 'commission,' subsidy or bribe for the privileges of supplying the furniture."

In July, 1899, the money available for salaries was delayed and at Neely's suggestion Rathbone authorized a warrant on the unexpended balance for the fiscal year ending June 30 for \$7,251. This sum was to be reimbursed after the July fund became available, but when Neely obtained the warrant on the July fund in-

stead of depositing it, he cashed it and made no accounting of the money.

When Neely was assigned to duty in Havana Jan. 7, 1899, his salary was \$1,800. The report says he was at this time financially embarrassed. His account with the Union National Bank of Muncie was frequently overdrawn. "Feb. 6, 1899," the report says, "he sent a deposit of \$229 to the Muncie bank, and in February and March his additional deposits aggregated \$1,533. Thus Neely, with a salary of \$150 a month, was able within three months to deposit \$1,859, conclusive proof that his embezzlement began in February, 1899. In May he deposited \$837, June \$775, July \$963, August \$13,125, October \$20,250, and a number of deposits of lesser amounts were made afterward."

The report deals at considerable length with the speculative ventures into which Neely branched out in Cuba. They included the West India Trading Company, in which he invested \$12,500; a brick plant at Havana, in which he invested \$20,000, and some mining schemes in South America. The report says that C. M. Rich, who was brought to Havana as Neely's assistant, told Rathbone in April that Neely was "crooked." Rathbone denied any such conversation with Rich. The report continues, says: "Rich claims to be innocent, but he at least had knowledge of Neely's embezzlements long before he claims to have told Rathbone. Reeves confessed that Neely paid him \$4,000 for concealing the fraud in the destruction of the stamps. Both Rich and Reeves protest against any criminal designs. How much credit should be given to their statements it is difficult to determine."

RATHBONE'S SALARY AND PER DIEM.
Dec. 2, 1899, when Rathbone was appointed director general of posts, his salary was fixed at \$4,000. At his request the postmaster general allowed him a per diem of \$5 in addition. He claimed this was not sufficient and on June 19 the postmaster general increased the salary to \$5,500, with notification that with the increase the per diem would cease. July 3 Rathbone complained that the increase amounted to only \$275 and asked for an official residence. This also was allowed. Dec. 19 the postmaster general officially fixed Rathbone's salary at \$6,500, making it effective Aug. 1. But although the per diem was cut off Rathbone continued to draw it. When called on by Colonel Burton for his authority for this allowance Rathbone submitted the letter, suppressing that part of it prohibiting the per diem. In closing the discussion as to the per diem, the report says: "It appears, therefore, that Director General Rathbone drew from Aug. 1, 1899, to April 20, 1900, the sum of \$1,265 as a per diem which was unauthorized and that the drawing of the same was fraudulent, and therefore recommended that he be required to reimburse the postal revenues of Cuba in that amount."

The bills rendered for furniture of the official residence, the report says, contain many items, such as charges for trunk, gloves, dog collar, overcoat, hats for coachman, boots for footman, shirts, collars and cuffs for coachman, etc. Rathbone claimed that it was the custom of all countries that officials should be furnished with such attendants, and that they should be clothed at the expense of the public revenues. When the character of these purchases became known to the postmaster general he wrote to Director General Rathbone as follows: "I have to-day, for the first time, seen certain of your bills as director general of posts, which were brought here by Colonel Burton. Some of these bills are not only without authority or justification, but are scandalous. An auditor should have been passed or paid. The auditor who is responsible to a different department was inexcusable in allowing them, and your action in presenting them for allowance was grossly reprehensible. Without waiting for a review and reconsideration of these bills by a rightful audit, you should at once reimburse to the island treasury the sums thus improperly paid."

Rathbone made numerous official trips. In April, 1899, he made a tour of inspection, accompanied by his family, and his expense account covered the entire expense of his family. In May of the same year he came to the United States and charged up as official expenses his expenses to Cincinnati and Hamilton, O., where he went on private business. The report says Rathbone "was aware at the time that these charges were unauthorized and fraudulent." In November, 1899, when his family was in New York, he charged \$20 for eight days in New York while waiting for a steamer. He stated that no part of his expense was for his family. The report says: "I do not think it is reasonable to believe that the director general expended \$250 a day for personal hotel expenses while in New York awaiting the sailing of a vessel for Havana, but do believe that these expenses cover the entire hotel expense of himself and family, and that they have been fraudulently charged against the postal revenues of Cuba."

The report also calls attention to a warrant for \$600 drawn by Rathbone June 20, 1899, for which no accounting was made, and another \$500 warrant drawn in May of the same year. It says: "From the records it appears that Rathbone had drawn two warrants to himself in the sum of \$600 each, receiving the money thereon and made no accounting whatever for the same to the department of posts. There stands against him, therefore, the charge of unlawfully appropriating \$1,000 of the Cuban postal funds for his own use."
The report also calls attention to many large expenses by Rathbone, for which no vouchers were filed, although they could have been easily obtained. For some months miscellaneous expenses aggregated as much as \$500. Such items as "spasms," "freight," "4650," appear.

Reeves explained that he passed such accounts because they had been allowed by the director general. The report does not credit this statement, saying: "The evidence is too strong of collusion between Neely, Rathbone and Reeves." It says: "General Rathbone has been engaged in the government service many years, and knows such a mass of presenting bills and such expenditures are wholly unwarranted and bear the strongest evidences of corruption. Therefore, for him to approve such accounts renders him equally guilty with Neely. The total amount of these miscellaneous expenditures was \$8,290. A part of this was probably legitimate, but a large part was doubtless fraudulent expenditure, for which Rathbone, Neely and Reeves are equally responsible."

MR. THOMPSON'S CASE.
With reference to the guilt of E. P. Thompson, the postmaster at Havana, the report explains that in September, 1899, he issued four money orders in his own behalf for \$100 each, and deposited for them, in all, \$400, a due bill for \$400. When the inspection was made he took out this due bill, deposited cash from the remittances, and after the inspection had been

(CONTINUED ON SECOND PAGE.)

FROM CONGER

ANOTHER SIGNED MESSAGE FROM THE UNITED STATES MINISTER.

Like the British Envoy's Letter, It Was Dated July 4, and Said the Situation in Peking Was Grave.

GENERAL MASSACRE FEARED

AND THE MINISTER URGED SPEEDY RELIEF OF LEGATIONS.

Belief in Washington, Except Among Officials, Growing Stronger that All the Ministers Are Dead.

CABLEGRAM FROM A VICEROY

WHO SAYS THE FOREIGNERS WERE SAFE ON JULY 15.

Chinese Possibly in Possession of the Cipher Code Used by Conger-Latter's Note Possibly Redated.

Special to the Indianapolis Journal.

WASHINGTON, July 25.—The most important development in the Chinese situation to-day was the reception of a message from Minister Conger, dated Peking, July 4, forwarded from Che-Poo by Capt. Charles M. Thomas, commander of the cruiser Brooklyn, under date of July 24. Captain Thomas's cablegram, which was addressed to the Navy Department, reads:

Written message, signed Conger, July 4, received at Tien-Tsin on the 21st, says: "Been besieged two weeks in British legation. Grave danger of general massacre by Chinese soldiers, who are shelling legation daily. Relief soon, if at all. City without government, except by Chinese army. Determined to massacre all foreigners in Peking. Entry of relief forces into city will probably be hotly contested."

This message convinces some that all the foreign ministers are dead, but revives hope in others that they are still alive. The British minister's writing on the same day said they had two weeks' provisions. Both ministers asked for speedy relief, saying that if it did not come quickly a general massacre would follow. From the tenor of these appeals it would seem that unless they have been protected by the imperial government all the foreigners in Peking, including the ministers, must be dead. The very fact that there is any doubt about the fate of the representatives at Peking of foreign governments shows how unfit China is to be regarded as within the pale of international law. The reply of President McKinley to the Chinese Emperor's request for mediation by the United States is certain to bring the truth in a few days.

The feeling here in official and unofficial circles grows constantly stronger that, no matter what the fate of the ministers may be, the former status at Peking cannot be restored; that restraint will have to be exercised hereafter on the Chinese government and people to prevent any possible recurrence of the condition that has prevailed at Peking and elsewhere in China during the past six weeks. This does not mean the partition of China, which no one wants, but simply that an international force be maintained in the capital sufficient to repress the anti-foreign prejudices of the Chinese government and people, and to afford due and ample protection to the ministers and other foreigners sojourning in China.

VEIL NOT YET RAISED.

Conger's Latest Note Has Not Solved the Peking Mystery.

WASHINGTON, July 25.—The receipt at Tien-Tsin of an undoubtedly genuine and autographic message from Minister Conger has done nothing to dissipate the doubt as to the situation at Peking. The message, which was forwarded by the naval officers at Tien-Tsin, Taku and Che-Poo, has in-solvent mystery of the century.

The official conclusion that the ministers are still alive remains unchanged, of course, but it is admitted that a careful scrutiny of the autograph message in comparison with the famous cipher message from Minister Conger admits of the belief that the two messages were indited by Mr. Conger at about the same time. The situation at the British legation is represented to be the same in each case, and as Mr. Conger declares that relief must come quickly if at all, there is ground for the supposition that conditions could not long have remained unchanged in such a crisis. The assumption that this reasoning is correct involves the further conclusion that Mr. Conger's cipher message, if genuine, was redated as of the 15th of July, two weeks later than the date of actual writing. Of course, if redated at all, that was done by Chinese officials.

VICEROY TAKES ASSURANCE.

On the other hand, and in support of the State Department's position, came to-day a message from another of the great Chinese viceroys, Tak, at Canton, he who took charge after Li Hung Chang's departure. This message was forwarded by Consul McWade. It also affirmed solemnly the safety of the legations. July 22. Coming from so many different sources and

from such important Chinese officials, these dispatches do claim attention. A pessimistic view of them, however, attributes to all a common origin, namely, some one high Chinese personage at Peking. It is noted that Tak's assurance brings the ministers one day further toward ultimate rescue than has any preceding message. The fact that it allows only three days to cover the transmission over the great distance between Peking and Canton has attracted attention here and appears to demand explanation, if the message is to be accepted as genuinely of Peking origin.

A discussion of the authenticity of the dispatch from Minister Conger dated at Peking on the 15th inst. developed the fact that several years ago a copy of the State Department cipher code disappeared and never has been recovered. These code books are numbered and registered for when placed in the hands of those entitled to them. The intimation was given that the missing code book fell into the hands of the Chinese. This information was calculated to inspire a doubt of the authority of the Conger message. State Department officials decline to discuss the story. It is known that several years ago a copy of the old cipher book since has been changed was made. A copy of this, the authorities have reason to believe, found its way into the possession of another government—not the Chinese. This old code has been out of general use for many years, but Minister Conger is one of the few officials who has been using it. He does not employ the new code.

MESSAGE FROM GOODNOW.
The State Department to-day received a cablegram from Consul General Goodnow, but it is stated that it contains nothing to clear up the situation at Peking. Mr. Goodnow says that Li Hung Chang will remain in Shanghai for the present and will continue his negotiations from that city. There is an intimation that Earl Li is detained at the request of the foreign officials, although this was not so stated by acting Secretary Hill.

No intimation has been received from the Chinese legation or Chinese government in response to President McKinley's reply to the Emperor. No answer has yet been received from the second dispatch sent to Minister Conger through Consul Wu, but it is stated that when a reply is received it will probably set at rest all doubts as to its authenticity.

It was not known to the State Department till the publication of the fact in the news dispatches that the French government also had been addressed by the Chinese government in the effort to secure mediation. It is expected that similar powers were addressed in a similar strain. It is known that Great Britain and Germany and probably Russia have received such messages. The language is not the same, but the animating idea is. The State Department officials feel that, generally speaking, this idea is not so much to secure mediation pure and simple as to induce the powers to resort to the settlement of the difficulties between them and China by the substitution of negotiations for armed force. This appears more clearly from a comparison of the various notes than it did in the single note addressed to the President. Being so, the chances of a successful outcome of this attempt of the Chinese government to secure an amelioration of the consequences of the Boxer uprising are much diminished by the intimation that the powers are expected to refrain from pressing the movement towards Peking. On the contrary, the United States War Department is moving at present with greater energy than at any time since the original orders for troops to get it containing in prospect for the task before it.

The Chinese minister was shown the Conger message by an Associated Press representative soon after it reached Washington. He read the communication with intense interest and seemed well satisfied with the information it contained. He called attention to the fact that this at least was unquestionably a genuine communication and proved that the legations, in danger on the 15th, were not in absolute extremity. This dispatch, he said, tended strongly to confirm the genuineness of the minister's cipher dispatch of the 15th. The situation since the 15th had changed decidedly for the better, he said, as regarded the strength of the Imperial government in Peking. There was every reason to believe, now that the Imperial authorities had got the upper hand of the revolutionists in the capital, that they could and would protect foreigners and safely deliver them into the hands of the allies.

When asked what the probable effect would be of a forward movement on the part of the allied forces, Minister Wu said: "It is hard for me to speak on this subject without being misunderstood. I had all along been in favor of an advance on Peking when we believed that the ministers were in desperate straits. In view of the information of the past few days and especially in view of Li Hung Chang's statement as cabled to this country yesterday I have changed my opinion. I believe now that an advance of the allies at this late date would be apt to do more harm than good."

SITUATION NOT CHANGED.

Secretary Hay Says It Is One of Terrible Uncertainty.

CLEVELAND, O., July 25.—Secretary of State John Hay will leave Cleveland on Thursday morning for Canton to confer with President McKinley in reference to latest developments in the Chinese situation. He will leave Canton on Thursday evening and will arrive at Washington on Friday morning.

Late to-night Secretary Hay was shown the cablegram from Capt. Thomas, U. S. N., referring to the message presumed to have been received from Minister Conger and dated July 4. This message," said Secretary Hay, after he had read Mr. Conger's transmitted message, "does not necessarily contradict the messages supposed to have been sent by Mr. Conger on July 15. In response to my message to him. The state of affairs represented in this message of the 4th may still prevail. I hardly think Captain Thomas would have transmitted the message to the Navy Department unless he were sure of its authenticity. Neither of the messages, however, change the situation. Whether they are genuine or not, the course of this government—the course now being pursued—must be the same. The State Department is acting on the supposition that it has heard nothing from Minister Conger since June 12. If the worst feared proves to be true, there may still be preparation without war. The situation is one of terrible uncertainty, and nothing that has come or purported to come from our minister at Peking has lessened the danger or uncertainty. No one can say what may or may not be the outcome."

Missionaries Recalled to Shanghai.

NEW YORK, July 25.—A cablegram was received to-day by the Protestant Episcopal (CONTINUED ON SECOND PAGE.)

TO GAIN TIME

LONDON'S VIEW OF CHINA'S CONTINUOUS FLOW OF DISPATCHES.

Peking Government Believed to Be Seeking Time to Complete Preparations for War.

TRYING TO DECEIVE THE WORLD

BY FABRICATING REPORTS THAT FOREIGN MINISTERS ARE ALIVE.

Rumor by Way of New-Chwang that Most of the Legationaries and Sir Robert Hart Are Dead.

TROUBLE IN SOUTHERN CHINA

THOUSANDS OF NATIVES PREPARING TO JOIN THE NORTHERN ARMY.

Evidence that the Chinese Are Playing a Double Game—Allies Divided—Plenty of Work for Russians.

LONDON, July 25, 4 a. m.—Mr. Conger's letter, the substance of which has been transmitted to the United States secretary of the navy, through Captain Thomas, of the United States cruiser Brooklyn, has increased the belief in London that there is no hope for the foreign legations in Peking and that the elaborate fabric of the dispatches which the Chinese are building to persuade the civilized world that the ministers are still alive is only intended to enable them to gain time to complete preparations for warfare.

The Shanghai correspondent of the Daily Mail asserts that a Chinaman who was employed at the British legation as a writer and interpreter has escaped from Peking to New-Chwang and that he declares that at the time he left Peking most of the members of the legations were dead and the condition of the others was hopeless. He says that Sir Robert Hart, director of Chinese imperial maritime customs, died on July 2. The correspondent goes on to say: "No other dates are given in the message from New-Chwang. The leading Chinese newspaper here published yesterday a dispatch declaring that it was all over with the members of the legations. 'The president of a minor board at Peking wrote a relative in Shanghai, under date of July 8, saying: 'The foreign legations are still uncaptured, but owing to the daily fighting it is reported that only about three hundred persons are left alive in the legations and if there is any delay in the arrival of the relief force I fear none will be left to receive it.' This letter is regarded in Shanghai as authentic. Strange enough, it says nothing of any assistance to the legations by Prince Ching or General Lung Lu."

PREPARATIONS FOR WAR.

While these brief sidelights as to the fate of the Europeans leave little ground for hope, Shanghai sends a batch of reports indicative of preparations for hostilities on the part of the Chinese. It is alleged that the Yang-Tse viceroys have sent deputies to Shanghai to inquire as to the prospect of raising a foreign loan, ostensibly to pursue military operations against the Boxers whose movements are extending rapidly southward with constantly growing strength and had reached a point where the provinces of Shan-Tung, Ho-Nan and Shan-Si meet, leaving behind it a trail of burned missions and murdered Christians. Simultaneously there is a movement northward of southern Chinese troops to join the main army gathered to oppose the foreign advance on Peking. The strength of this principal force is now estimated at 200,000 men.

It is believed that another two or three weeks must elapse before the Chinese preparations are completed. It is reported that three thousand Chinese troops and more guns are being sent to reinforce the garrison of the Kiang-Yin forts commanding the entrance to the Yang-Tse Kiang, ninety miles east of Nan-King.

Chang Chi Lung, Viceroy of Wu-Chang, on the Yang-Tse Kiang, telegraphs that he is apprehensive that he will not be able to restrain his troops for more than another ten days. He says that he has thrown the breach blocks of the guns commanding Han-Kow into the river.

These signs of unrest in the southern provinces are coincident with Li Hung Chang's presence in Shanghai. They are supposed to be the beginning of a general declaration against foreigners. In this connection the Canton correspondent of the Daily Telegraph, writing Tuesday, sends the following important news: "Viceroys Tak Su to-day published the following mandate: 'An important imperial decree was issued on the 23d day of the sixth moon. It says: 'We have lost Tien-Tsin and great precautions are taken in Peking. No peace can be obtained without going through a war. In the time of Chung an agreement was made. It was made that no murder can be inflicted upon ministers abroad. It is a month since the minister of Germany was assassinated by Boxers, and strict orders have been given for the arrest of the murderers. We are trying our utmost to preserve the lives of the other ministers and they are still in Peking. We fear that the viceroys and governors may misunderstand the intention of the decree, relying on the safety of these ministers, as a ground for making peace and taking no heed whatever to prepare for attack and defense. The neglect to fortify the districts under their jurisdiction will bring endless calamity. Viceroys and governors are to pay all attention to and to urge on preparations for coast attack and defense, and they are to take the consequences in case of any territory being lost entirely through their delay and mismanagement.'"

BITTERLY ANTI-FOREIGN.

"Europeans here understand thoroughly the last part of the edict, which means that the viceroys and governors are commanded by the Emperor dowager to prepare for a Chinese war against the allied powers. Viceroys Tak Su is bitterly anti-foreign, and he is increasing his army and armaments, military and marine. He has

lodged an objection through the prefect of Kwang-Chow to four small gunboats, two French, one American and one British that are here to safeguard the lives of foreigners and he asked that they be moved beyond the Bogue forts. His plans will be unmasked shortly after the allied powers ascertain definitely the facts concerning the massacre at Peking. Chinese gunboats infest the channel at the back of the Shamen and eighteen Chinese gunboats lie awaiting orders below the imperial government wharf. The Cantonese are daily becoming more hostile and the situation is critical. Business is almost at a standstill and leprosy and plague claim fresh victims daily. Native Christians assert that the notorious Black Flag chief, Leo, who fought the French in the Tonquin war, now refuses to obey Li Hung Chang's command to go north and fight the Boxers. His soldiers are here and compose the crews of the gunboats in the Shamen."

According to the Shanghai correspondent of the Times, Li Hung Chang is residing at the residence of Li, who was the envoy of the Empress dowager in the secret mission to Japan. He has received secret instructions to remain at Shanghai and to endeavor to open negotiations with a view of preventing the European advance.

With this accumulation of evidence of an impending big struggle comes also the news of disagreements between the powers and the foreign commanders which threaten to hamper united action and to encourage Chinese resistance. A conference of the admirals at Taku, called to settle the question regarding the management of the restored railway, decided in favor of Russian control, only the British and American admirals dissenting.

The Tien-Tsin correspondent of the Daily Mail insists upon the necessity of a single leader and of a general headquarters with an intelligence office. He says: "Much valuable time is wasted by the present system. Little scouting is done and very few guides are employed. The allies have no intelligence regarding the position or numbers of the enemy. The supplies of food and medical stores, as well as the number of surgeons, are insufficient."

BRITAIN OPPOSES MEDIATION.

The British premier and minister of foreign affairs, Lord Salisbury, yesterday notified the United States ambassador here, Mr. Joseph H. Chamberlain, that it was impossible to accept the evidence so far submitted by the Chinese or that transmitted by the United States regarding the safety of the foreign ministers at Peking, and that until their safety was thoroughly established the British government would be unable to discuss any question of mediation or kindred questions.

The morning papers do not comment on the reported differences of policy between the United States and Europe, probably preferring, as the Daily Graphic says, to wait for more authentic information on the subject.

There appears to be a difficulty, owing to the Russian censorship, to get an accurate idea of the situation in Manchuria. The government dispatches block the available wires, and little private news comes through. Nevertheless there are rumors that the situation is more serious than it is officially represented to be, and that the Russians have been driven back while trying to save the southern portion of the Eastern Railway. The Chinese have burned Lavang to prevent Russian concentration there and are now trying to smash communication between Port Arthur and New-Chwang. The critical situation has forced the Russians to withdraw a number of troops from Tien-Tsin, while three thousand troops have been sent from Port Arthur. It is reported that an entire army corps is being mobilized at Odessa for transport to Taku by the volunteer fleet.

It is reported from New-Chwang that the Russians are concentrating forces at a point fifteen miles east of that fort and are awaiting reinforcements before advancing on Mukden, Manchuria. The Boxers have wrecked the bridges of the Shan-Hai-Kwan and Kin-Chau section of the railway. Admiral Seymour and Gen. Sir Alfred Gaselee are consulting at Wei-Hai-Wei.

There is some fear in London that the Russian claim to control the railway from Taku to Peking will delay the proposed advance of the allies to Peking. It is thought that this claim is in pursuance of Russia's alleged fixed principle to prevent any power but herself from penetrating to Peking in sufficient force to be effective and to procure for herself sole occupation, either as conqueror or peacemaker.

Col. Samuel S. Sumner, military attaché of the United States embassy here, will start for China Monday, July 30, by way of the Suez canal.

What Earl Li Told a Belgian.

BRUSSELS, July 25.—The Foreign Office to-day received the following dispatch from Shanghai, dated July 21, signed by E. De Cartier, secretary of the Belgian legation at Peking:

"Li Hung Chang told me the Chinese government was arranging to guarantee retirement of foreigners in Peking toward Tien-Tsin."

TO BOMBARD ALL COAST TOWNS.

Russia to Wreak Vengeance if the Legationaries Be Dead.

LONDON, July 25.—The Daily Express has the following from St. Petersburg: "Admiral Skrydloff, commanding the Russian squadron in Chinese waters, has received precise instructions to bombard the Chinese coast towns immediately on receipt of confirmation of the report of the massacre at Peking."

GENERAL RISING EXPECTED.

All Missionaries Warned—Guarantee Wanted from the Powers.

LONDON, July 25.—The Shanghai correspondent of the Daily Express, telegraphing yesterday, says:

"A general rising throughout China is now regarded as so absolutely certain that all the missionaries throughout the empire have been ordered to take refuge without delay either at Shanghai or Hong-Kong. Refugees are beginning to arrive from all points in the most pitiable condition."

"As the result of a constant correspondence with the Governor of Shan-Tung, Li Hung Chang this afternoon announced that the imperial government was prepared at any moment to give a safe convoy to the members of the foreign legations from Peking to Tien-Tsin, provided a guarantee was given that no advance would be made on the capital and that all matters in dispute between China and the powers would be made the subject of friendly negotiations."

"In the same communication to the consuls Earl Li stated that the imperial government had submitted to the powers a statement of its position, declaring that it had suffered greatly by recent events, but desired not only to suppress rebellion, but also to remove the causes of the hostility of foreign powers. Therefore, he hoped the offer to escort the foreigners to Tien-Tsin."

(CONTINUED ON SECOND PAGE.)

OPPOSE TICKET

NATIONAL DEMOCRATIC COMMITTEEMEN THINK IT UNWISE.

And There Will Be No Third Ticket Under the Auspices of the Gold Democrats.

VARIOUS STATE COMMITTEES

ARE ADVISED TO KEEP ALIVE THEIR ORGANIZATIONS.

And Take Such Action as May Be Deemed by Them Best in the Coming Campaign.

A CALL FOR A CONVENTION

ISSUED BY THE MEN STYLING THEMSELVES "INDEPENDENTS."

They Will Meet in Indianapolis on Aug. 14, the Day Before the Anti-Imperialists.

HALDEMAN AND EHRICH QUIT

BOTH WITHDRAW FROM THE NATIONAL COMMITTEE.

Halderman Will Join Bryan and Ehrlich the Anti-Imperialists—General Gossip.

A new political party was born in Indianapolis yesterday. It is called the National party and is the outgrowth of the conference of the National Democratic committee and the meeting of the committee of independents sent here from New York.

The new political party will be fathered by the independent members of the Gold Democrats—those of the national committee, at least—have refused to identify themselves with it. A committee of ten Eastern men, chiefly New Yorkers, took it upon themselves to start the new party going. They are the committee sent here by anti-imperialists and Gold Democrats who will support neither McKinley or Bryan. They came here with the hope of enlisting the Gold Democrats in their cause, but failed in the attempt and will return to New York convinced that the National Democratic committee is a thing of the past and that the members will support the Republican national ticket.

The National Democratic committee held two sessions yesterday. The features of the afternoon session were the resignation of W. B. Halderman, a member of the executive committee, who feels that he can no longer affiliate with the party, and the proposition of the independent committee inviting the co-operation of the gold Democrats in placing a third ticket in the field. The resignation of Mr. Halderman was accepted and the invitation of the Eastern independents was declined.

Last night the independents got together and took the preliminary steps toward holding a convention in this city Aug. 14 for the purpose of nominating an independent ticket. They really organized a new political party. The term "National Party" was agreed to be the entire committee and the new organization will sail under this name. One of the main features of the evening session of the National Democratic committee was the resignation of Louis R. Ehrlich, the committeeman from Colorado. The committee also prepared resolution announcing that it deems it unwise and inexpedient to place a ticket in the field this year. The resolutions reaffirm the Indianapolis platform of 1896 and recommend that the different state committees preserve their organizations. Voters are urged to be cautious about the money question and not to be deceived into believing that it is finally settled.

The fact that the independent committee has issued a call for a convention on Aug. 14 leads to the belief that it is really an anti-imperialist movement. The